



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Livestock futures finished mixed yesterday with feeders higher but live cattle and lean hog futures lower. Some late profit taking pulled fats lower after early gains were seen from the bullish to late winter lighter weight placements. Overall outside markets were not any help either with the US\$ sharply higher and the equities lower.

Cattle slaughter from Tuesday estimated at 115,000 head, up 1,000 from a week ago but down 6,000 from a year ago.

Boxed beef cutout values higher on moderate demand and light to moderate offerings.

Choice Cutout\_\_261.07 +.82

Select Cutout\_\_249.20 +1.58

Feeder Index:\_\_222.01 +.48

Hog slaughter from Tuesday estimated at 431,000 head, up 5,000 from a week ago and up 12,000 from a year ago.

Lean Index.\_\_82.91 -.21 from 5/22

Pork carcass cutout\_\_86.67 +1.09

IA-S.MN direct avg\_\_79.23 +.51

National Average\_\_77.10 -.08

June live cattle are still holding an uptrend with support at \$151 and resistance north of the \$154 area. August feeders got within 2 ticks of hitting \$220 yesterday marking the 3<sup>rd</sup> time in the past 2 weeks we have been within 50 cents. \$221.45 was the spike high on April 6<sup>th</sup> with good support at the \$215 area.

June lean hogs still choppy sideways but looking to test the \$85 resistance area.

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Over in the grains, we tried to stage a rally overnight but when the markets opened lower and the US\$ rallied, grains could not get out the red. Wheat futures took the biggest hit as weather premium was wiped out even with the excessive rains in Texas and Oklahoma.

Export inspections were higher than expectations but not real impressive. Wheat shipments were up slightly from last week at 15.4 MBU. Total shipments to date are 816 MBU vs 1.130 BBU last year. Corn shipments were at 39.7 mil bu. Takes total shipments to 1.218 BBU vs 1.287 last year. Sorghum shipments at 4.4 MBU. Takes total year to date to 284 MBU vs 130 MBU last year. Soybean shipments were at 10.7 mil bu. Takes total to 1.723 BBU vs 1.542 last year.

Corn and soybean planting at 92% & 61% respectively are still ahead pace and in line with expectations. Corn emergence is at 74% compared to 56% last week and last year and 62% average pace. Soybean emergence is at 61% compared to 45% last week, 55% last year and the average pace. Wheat conditions were unchanged at 45% good to excellent and corn conditions were released for the first time this crop year at 74% good to excellent and only 3% poor but with some expected us to top last year's first crop rating at 76% good to excellent.

Overnight grains were mixed with soybeans finishing 1 to 2 higher, corn 2 lower and wheat still hammered on down 7 to 13.

The labor strike in Argentina seems to be getting worse with the Rosario markets all but shut down as exporters refuse to bid for soybeans until the strike can be resolved. The labor strike at crush facilities was thought to have reached an agreement last week but was struck down by the government. The strike will expand to other industries here by the end of the week. This has caused enough concern to keep US meal basis strengthening along with providing some support to both meal and soybean futures.

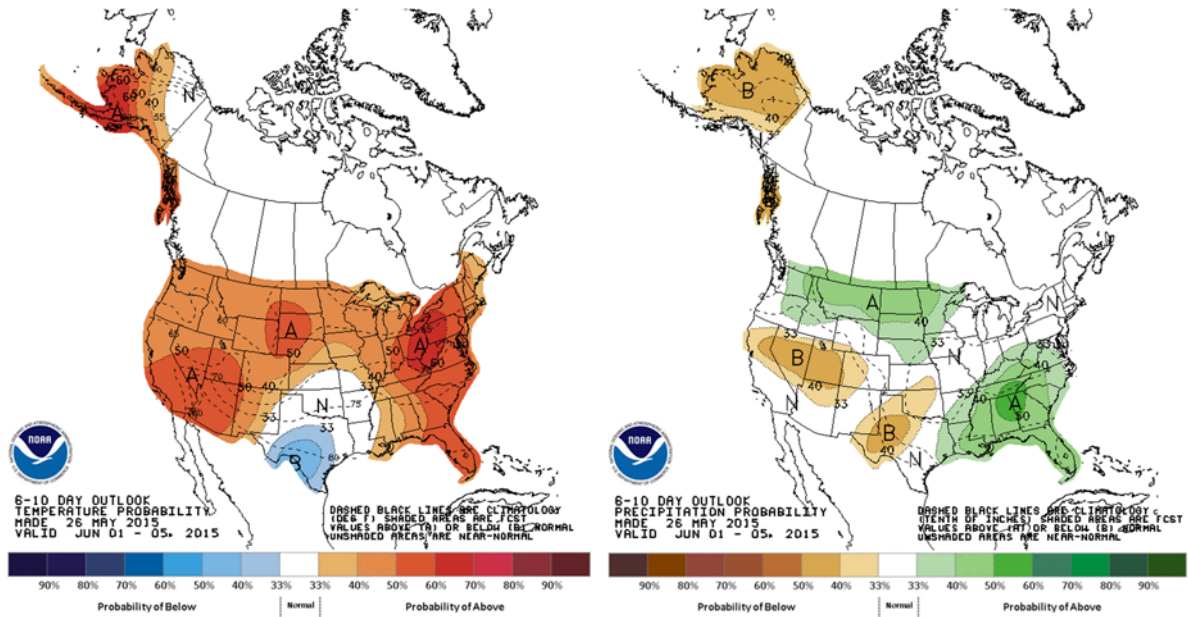
July corn is within a nickel of the contract lows this past fall at \$3.46 <sup>3</sup>/<sub>4</sub>. The December contract low is at \$3.64 <sup>1</sup>/<sub>4</sub>. July soybeans hit new contract lows again yesterday and the monthly charts have lows at \$9.04 which match prices not seen since 2010. Wheat charts look very bearish now breaking the range bound trade of the last week. We will see if the selling slows down as we approach the

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contract lows at \$4.60 for the July Chicago contract and 44.85 ½ July KC Contract.

The 6-10 maps warming up with above normal temperatures expanding while the above normal precipitation is forecasted for the Northern Plains and Southeast.



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